

**BEFORE THE
TENNESSEE REGULATORY AUTHORITY
NASHVILLE, TENNESSEE**

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REGULATORY AUTH.
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Petition of MCI WorldCom, Inc.)
WorldCom Network Services, Inc.)
MFS Communications Company, Inc.)
MCI Communications Corp.)
MCI Telecommunications Corp, and)
WorldCom Technologies, Inc.)
for Authority to Reorganize and for)
Related Transactions)

OFFICE OF THE
EXECUTIVE SECRETARY

TRA Docket No. 99- 00433

PETITION

MCI WorldCom, Inc. ("MCI WorldCom"), and its operating subsidiaries, WorldCom Network Services, Inc. ("WNS"), MFS Communications Company, Inc. ("MFSCC"), MCI Communications Corp. ("MCIC"), MCI Telecommunications Corp. ("MCIT"), and WorldCom Technologies, Inc. ("WT") (collectively "Applicants"), through undersigned counsel, and pursuant to T.C.A. § 65-4-112,¹ respectfully petition the Tennessee Regulatory Authority ("TRA"), to the extent required, to approve the reorganization of Applicants' corporate structure and the completion of a series of internal transactions in order

¹ 65-4-112. Utilities leasing, merging, or consolidating property.

- (a) No lease of its property, rights, or franchises, by any such public utility, and no merger or consolidation of its property, rights and franchises by any such public utility with the property, rights and franchises of any other such public utility of like character shall be valid until approved by the authority, even though power to take such action has been conferred on such public utility by the state of Tennessee or by any political subdivision of the state.

to consolidate Applicants' long-distance operations. These actions will consolidate several related companies that currently provide intrastate long-distance telecommunication service in Tennessee, thus lessening the regulatory burden on the TRA, and will further the consumer benefits and operational efficiencies identified by the Applicants when the TRA was notified of the pending merger of WorldCom, Inc. and MCI Communications Inc. on November 25, 1997.

Specifically, Applicants seek authority to:

1. Merge MFSCC, a holding company for WT, into MCIC, which is also a holding company. After the merger, MFSCC will no longer exist as a legal entity.
2. Transfer the stock of WT from MCIC to MCIT, so that WT will become a subsidiary of MCIT.
3. Merge WNS into MCIT. Because WNS will no longer exist as a legal entity, Applicants also seek to cancel WNS' operating authority.²
4. Transfer MCIT's retail operations to WT. Following this transfer, regulated intrastate telecommunications services currently provided by MCIT will be provided by WT.
5. Rename the surviving entities to reflect the WorldCom/MCI merger.

WorldCom Technologies, Inc., will be renamed MCI WorldCom Communications, Inc.; MCI Telecommunications Corp. will be renamed MCI WorldCom Network Services, Inc.

² WNS' predecessor received its original authority in Docket No. 90-08744. That authority was transferred in Docket No. 91-08436. MCIT will file a notice fully adopting any applicable WNS tariffs.

The principal result of the proposed internal restructuring will be that WT, under the new name of MCI WorldCom Communications, Inc., will provide retail long-distance service to its existing customers and to customers formerly served by MCIT, and MCIT, under the new name of MCI WorldCom Network Services, Inc., will primarily provide long-distance service to other carriers formerly served by WNS.

In support of their application, Applicants provide the following information:

I. The Applicants

As a result of the merger of WorldCom and MCI, MCI WorldCom now serves millions of consumers and businesses with long-distance, local, data, Internet and other communications services.

MCI WorldCom, a publicly held Georgia corporation whose principal offices are located at 500 Clinton Center Drive, Clinton, Mississippi 39056, is the ultimate parent of all of the Applicants. MCI WorldCom's operating subsidiaries are authorized to provide telecommunications services in 50 states, including Tennessee.

MCIC is a Delaware corporation that is a holding company for a number of entities including Applicant MCIT.

MFSCC is a Delaware corporation that currently is a holding company for a number of entities including Applicant WT.

WT is a Delaware corporation whose current operations include the provision of telecommunications services.

WNS is a Delaware corporation whose current operations include the provision of long-distance telecommunications service primarily to other carriers.

MCIT is a Delaware corporation whose current operations include the provision of long-distance telecommunications service to end users and to other carriers.

The organizational chart attached hereto as exhibit A depicts the current organizational structure of the entities affected by the proposed restructuring.

The designated contacts for purposes of this Application are:

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Copies of all correspondence, notices, inquiries and orders should also be sent to:

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II. REQUEST FOR APPROVAL OF INTERNAL REORGANIZATION AND TRANSFER OF ASSETS

The proposed reorganization is an internal administrative action needed to further implement the merger of WorldCom, Inc. and MCIC, which was effected September 14, 1998. The merger resulted in the addition of several more entities to an already complex corporate structure. Following the WorldCom/MCI merger, MCIT, WT, and WNS all have been providing intrastate interexchange telecommunications services. WT, WNS and MCIT have been providing intrastate interexchange telecommunication service to end users, and both WNS and MCIT have been providing interexchange service to other carriers. This structure can be greatly simplified in a manner that will reduce both regulatory complexity and the possibility of customer confusion. Following the reorganization, MCIT, under the new name of MCI WorldCom Network Services, Inc., will provide interexchange service primarily to other carriers, and WT, under the new name of MCI WorldCom Communications, Inc., will continue to provide interexchange service and, in many states, local service to end users. The redundant operations of WNS will cease to exist.

To accomplish this internal reorganization, the following steps will be taken, in addition to renaming the entities to reflect the WorldCom/MCI merger. Exhibit B to this Application is a flow chart describing each step:

1. MFSCC, a holding company for WT, will be merged into MCIC, also a holding company. MFSCC will no longer exist as a legal entity. (See Exhibit B, pp. 1-2).

2. The stock of WT will be transferred from MCIC to MCIT, so that WT will become a subsidiary of MCIT. (See Exhibit B, pp. 3-4).

3. WNS will be merged into MCIT. MCIT will then serve all current carrier customers of WNS. Because WNS will no longer exist as a legal entity, Applicants also seek to cancel WNS' operating authority. (See Exhibit B, pp. 5-6).

4. Retail operations and certain assets relating to sales will be transferred from MCIT to WT. (See Exhibit B, p. 7).

5. The surviving entities would then be renamed to reflect the WorldCom/MCI merger.³ (See Exhibit B, p. 8).

Tariff revisions will be filed to reflect the approved organizational changes and name changes. Page 9 of Exhibit B depicts the proposed structure of the affected entities following the reorganization.

The proposed reorganization will have no adverse impact on consumers in Tennessee. Interexchange service will continue to be provided over the same reliable transmission facilities and infrastructure MCI WorldCom is currently using, and customer service will continue to be provided by the same teams of qualified consumer representatives. Affected customers will be given notice of the change in the name of their telecommunications service provider in accordance with appropriate TRA regulations.

To reflect changes as the result of the reorganization, MCI WorldCom will make the

³ WorldCom Technologies, Inc., will be renamed MCI WorldCom Communications, Inc., and MCI Telecommunications Corp. will be renamed MCI WorldCom Network Services, Inc.

following tariff changes.⁴

1. WorldCom Technologies, Inc. Tennessee Tariff No. 2 will be renamed MCI WorldCom Communications, Inc. TN TRA Tariff No. 2.

2. MCI WorldCom Communications, Inc. will adopt and rename the current MCI Telecommunications Corporation T.P.S.C. Tariff No. 1. The new name will be MCI WorldCom Communications, Inc. TN TRA Tariff No. 1.

3. MCI WorldCom Network Services, Inc. will adopt and rename the current WorldCom Network Services, Inc. TRA No. 1. The new name will be MCI WorldCom Network Services, Inc. TN TRA Tariff No. 1.

As with the reorganization, these tariff changes will have no adverse impact on consumers. Rather they will align the tariffs with the appropriate entities providing the service.

The reorganization will further the public interest by allowing MCI WorldCom to implement the procompetitive synergies and efficiencies identified in the WorldCom/MCI merger application already granted by the TRA. By consolidating the intellectual energy, capital, personnel, and management of the separate companies, as well as their marketing and sales expertise, the merger created a state-of-the-art, efficient telecommunications provider that is well positioned in the increasingly competitive domestic and international telecommunications marketplaces.

The integration of WorldCom and MCI operations permits the combined

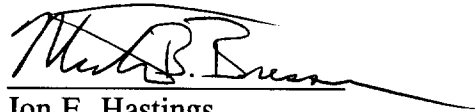
⁴ These changes will not revise the rates, terms or conditions of any intrastate service currently offered by the MCI WorldCom subsidiaries operating in Tennessee.

company to achieve savings in designing and operating its long-distance network and in procuring the required equipment and facilities. For example, MCI WorldCom anticipates significant efficiencies will result from combining redundant WNS and MCIT network facilities. The integration will also reduce the number of disparate billing platforms currently being used, thereby leading to a more efficient billing process.

The internal reorganization required to implement the merger allows the efficiencies identified above to be achieved. In addition, the reorganization eliminates potential customer confusion and lessens the burden on the TRA and other regulatory agencies resulting from the current organizational structure in which MCIT, WNS and WT provide overlapping services. In short, the reorganization is the next step in implementing the efficiencies identified by MCI and WorldCom and will thereby lead to MCI WorldCom becoming an even more effective competitor in the State of Tennessee.

WHEREFORE, to the extent required, Applicants respectfully request that the TRA authorize the internal reorganization summarized above and in the accompanying flow charts and that the TRA grant any and all authority required to accomplish this reorganization.

Respectfully submitted,

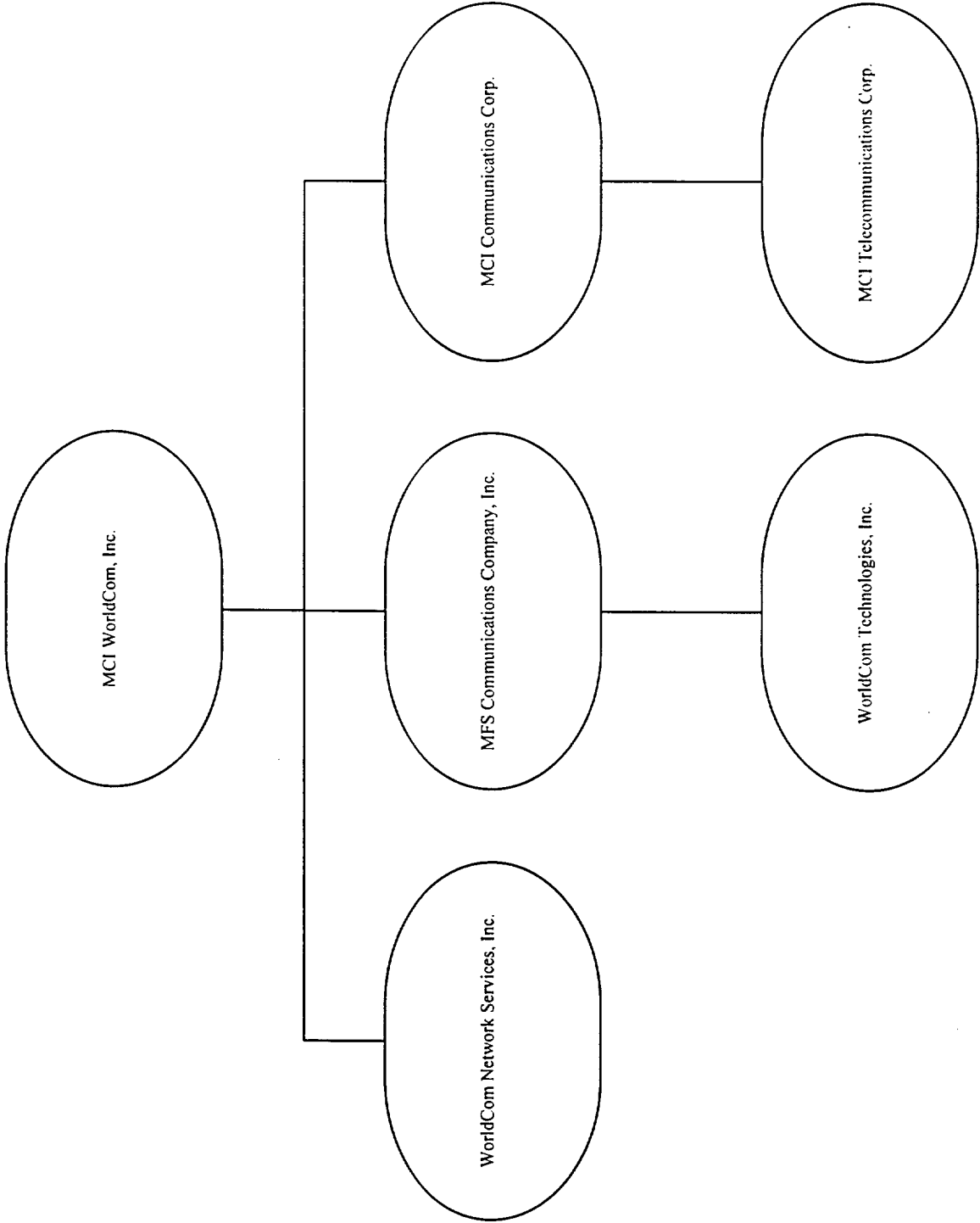


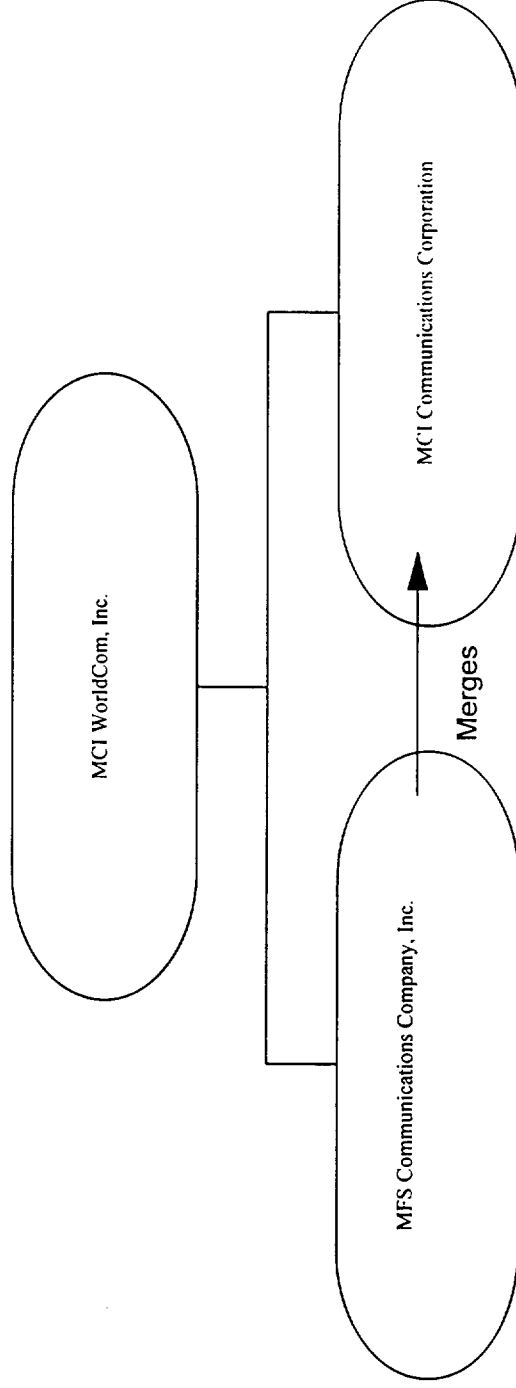
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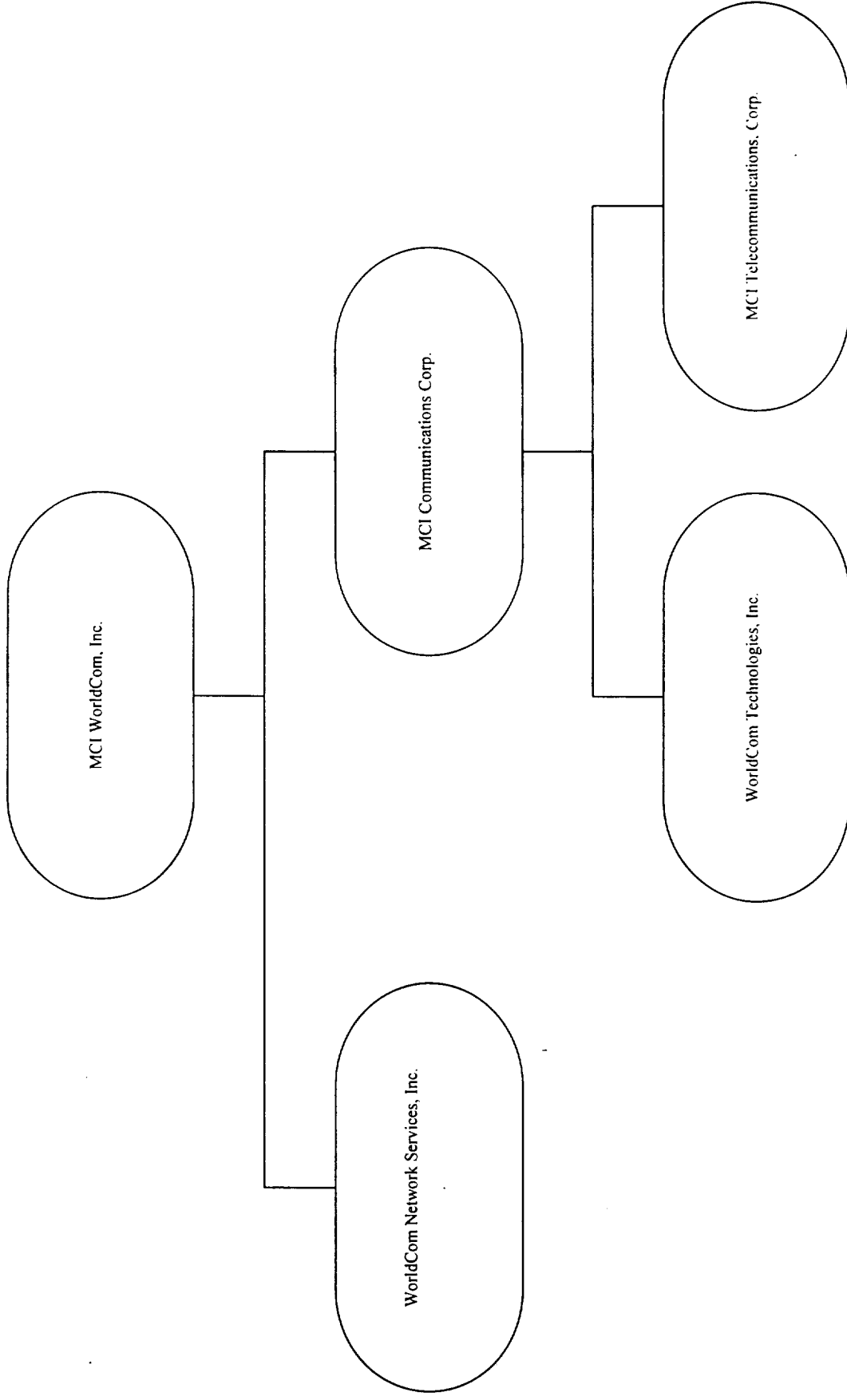
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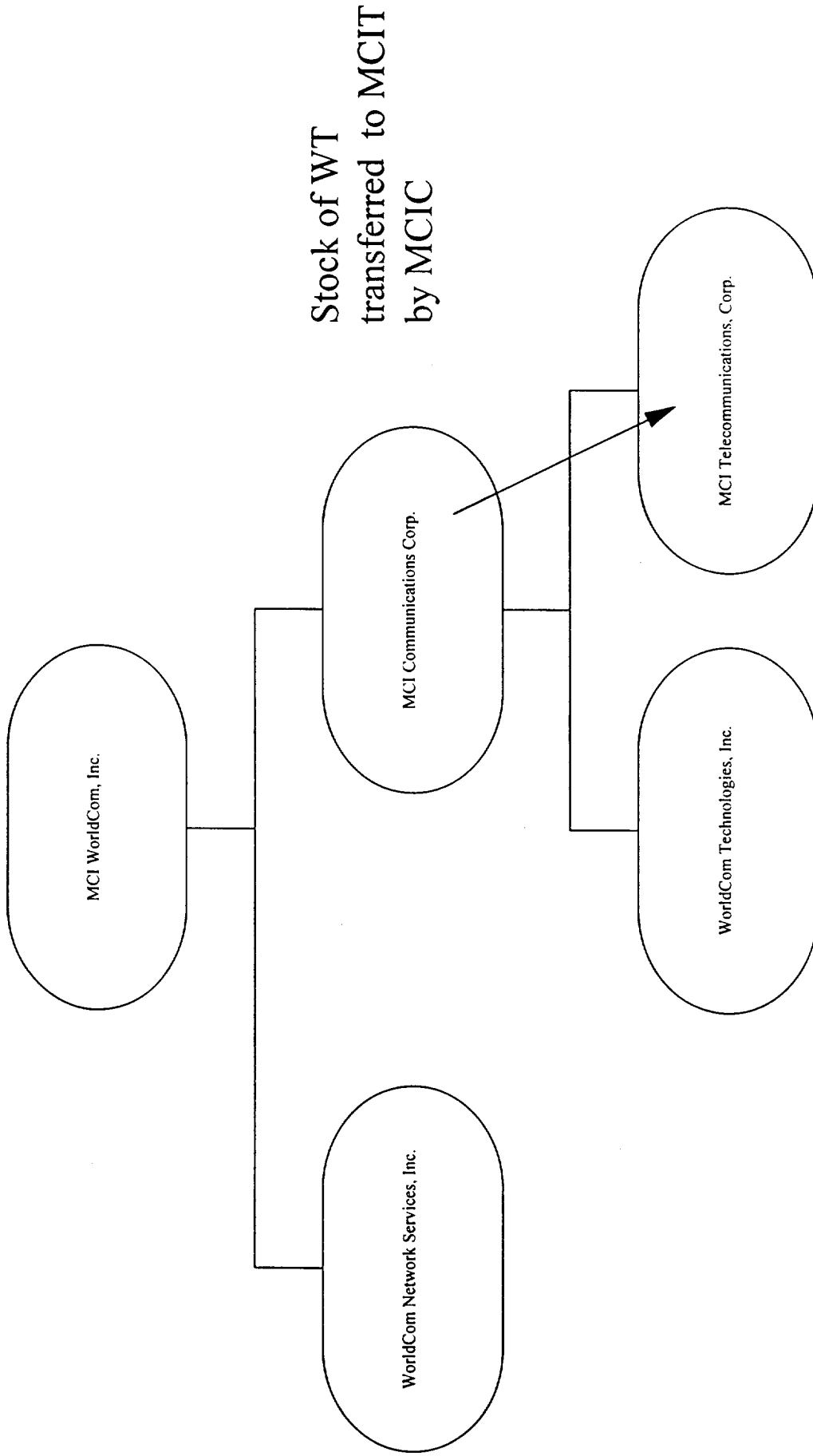
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Pre-Reorganization

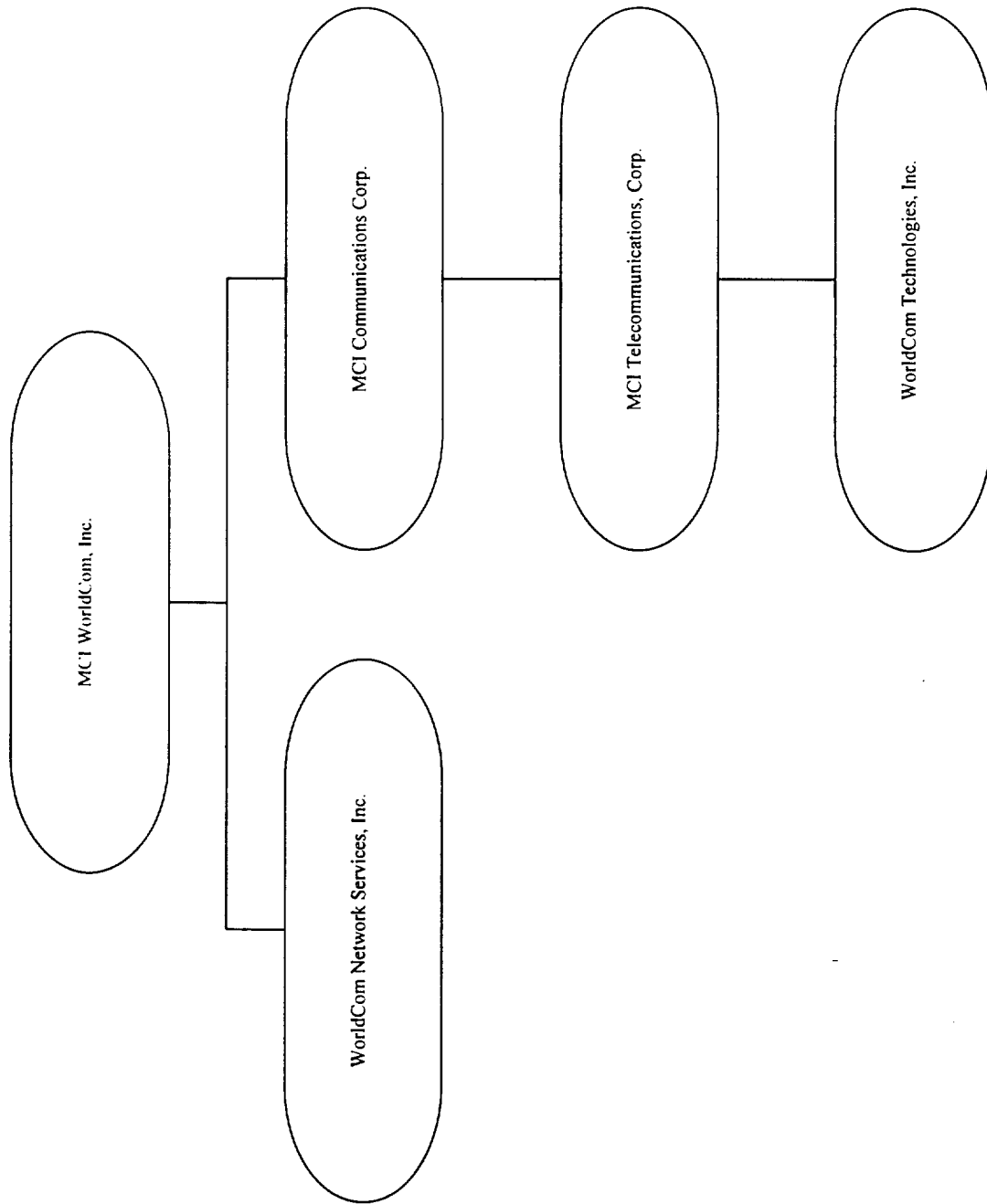


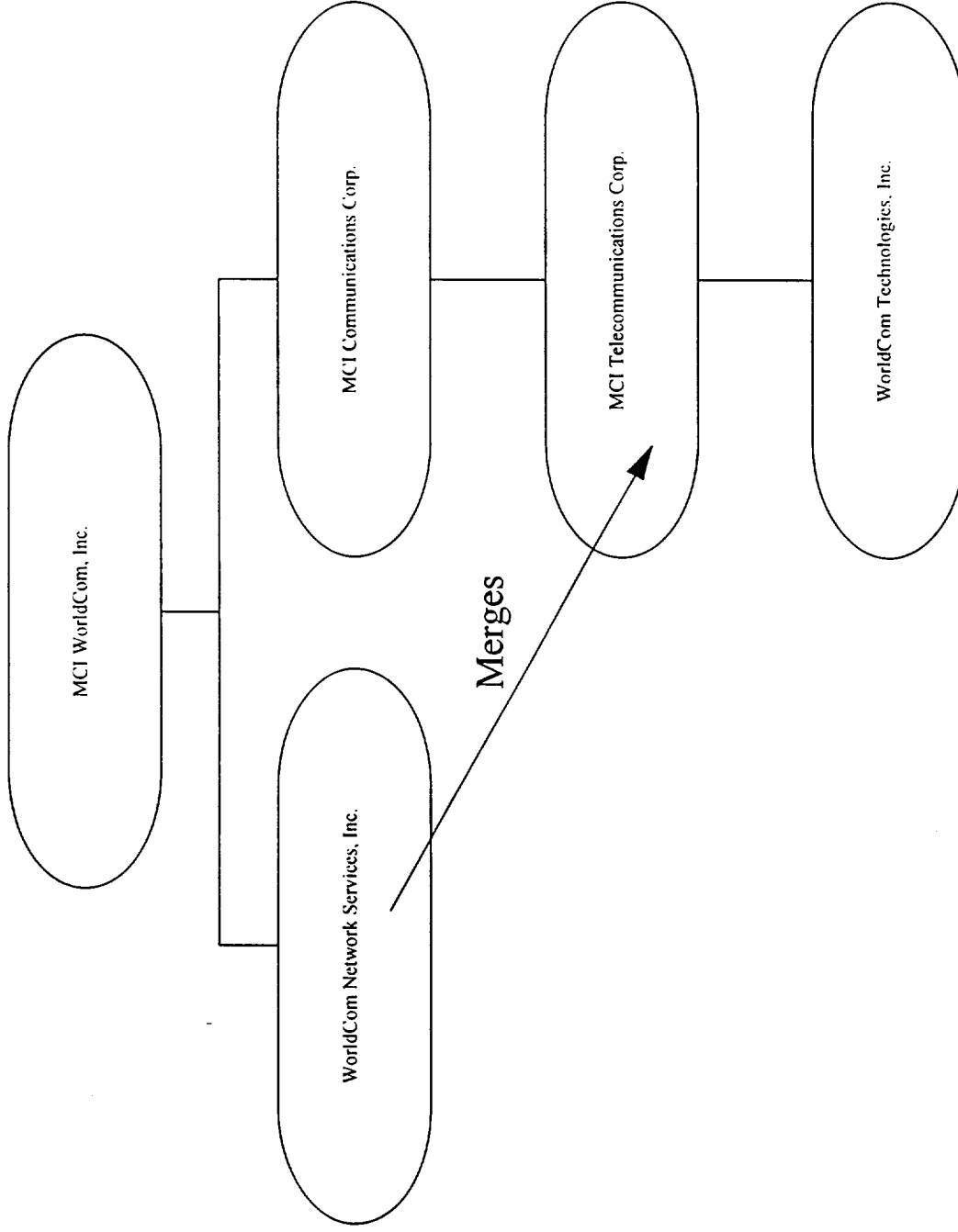


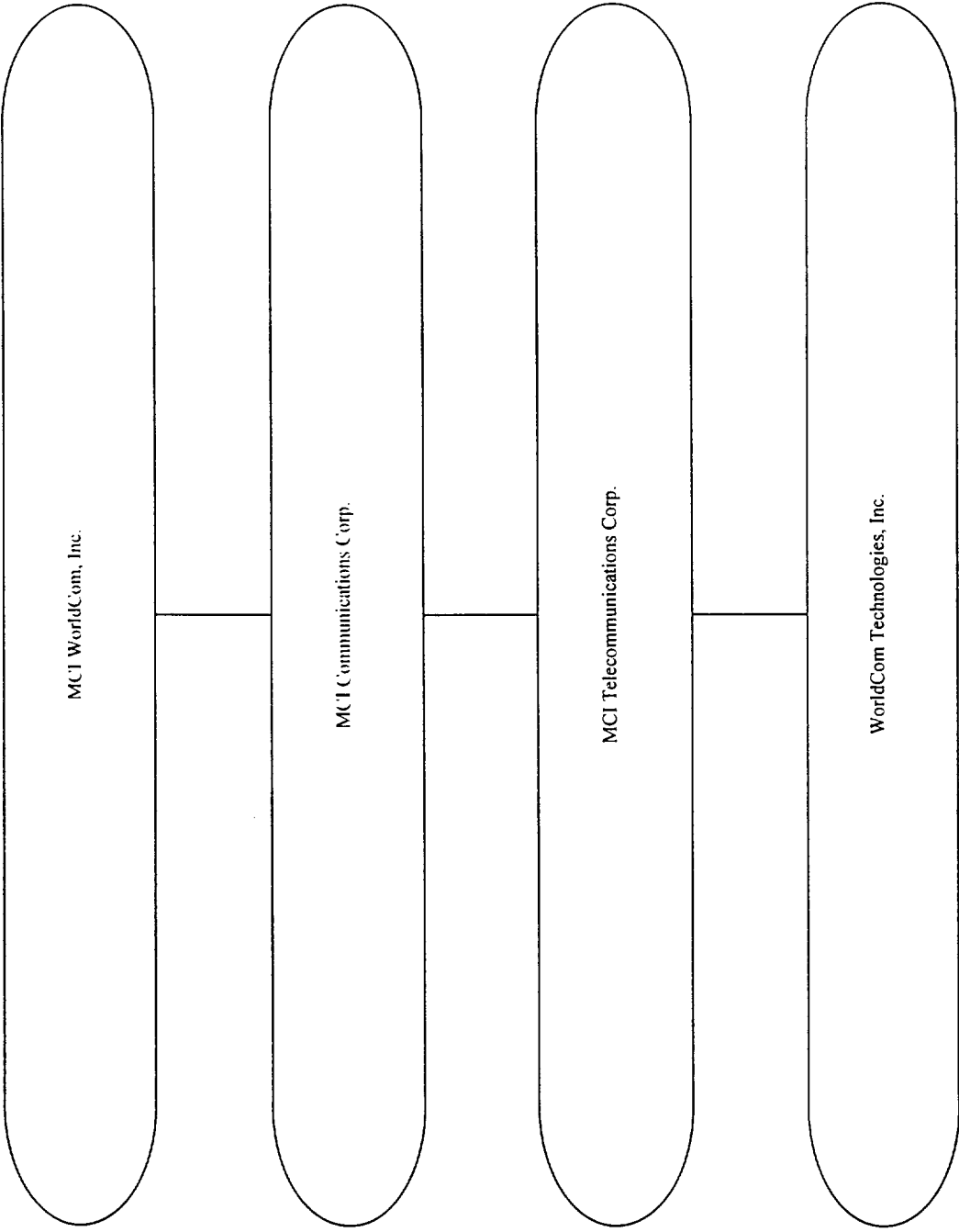


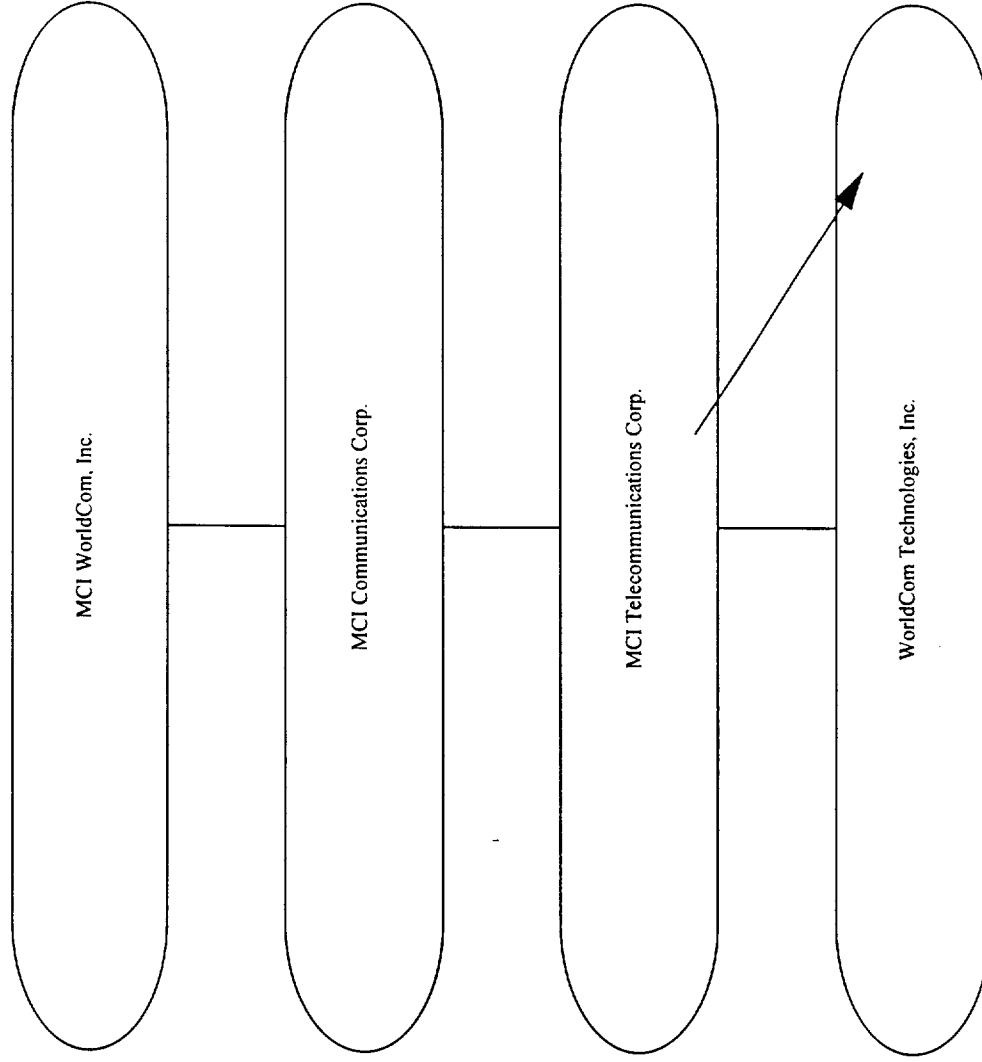


Stock of WT
transferred to MCIT
by MCIC



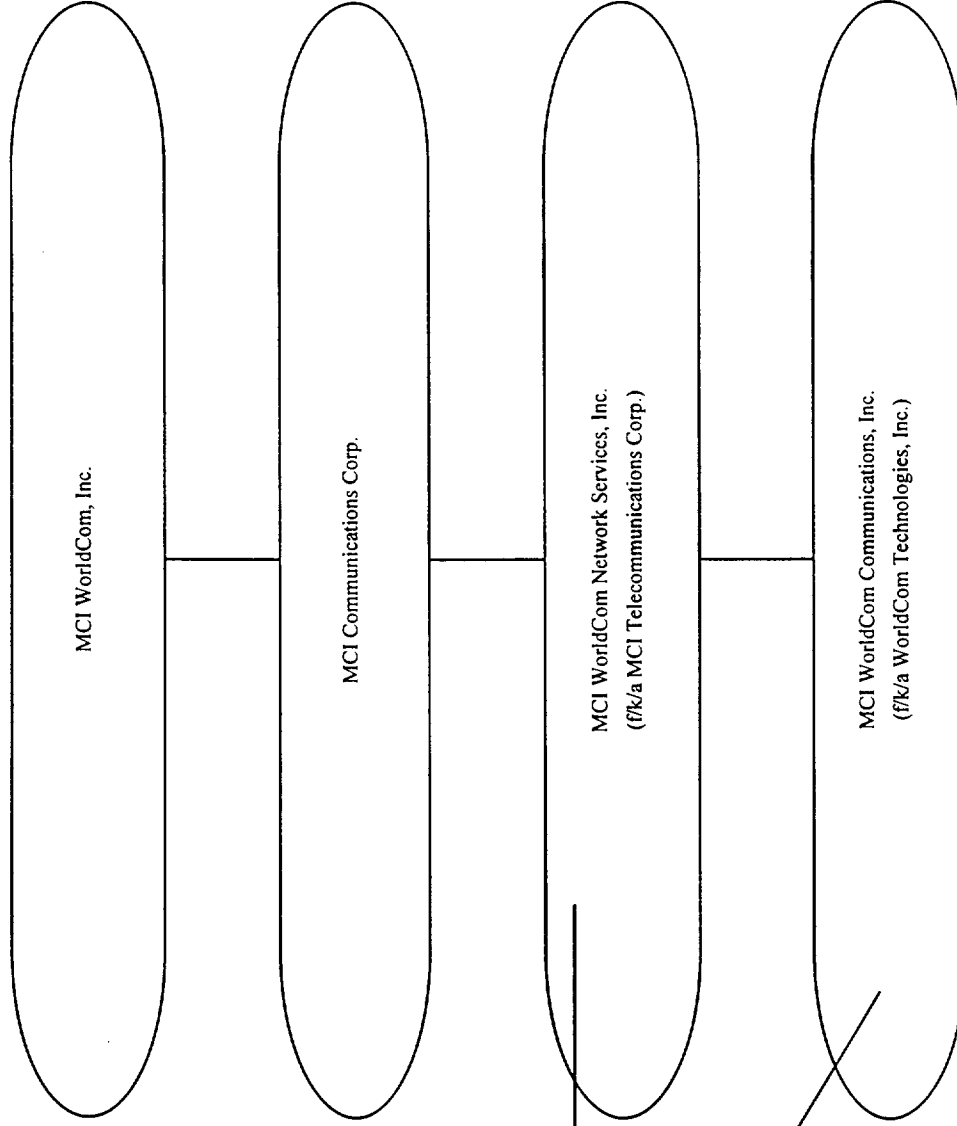






**Transfer certain
assets and retail
customers**

Name Changes



Post-Reorganization

